

Total Department Revenues

Revenues	FY 2001	FY 2000
Sales		
Timber sale removals	\$169,205	\$218,850
Timber sale related activities ¹	211	781
Forest road assessments	8,404	11,553
Nursery seedling sales	2,493	2,565
Miscellaneous ¹	506	708
	<u>\$180,819</u>	<u>\$234,456</u>
Leases		
Agriculture	\$7,547	\$6,677
Aquatic	12,600	14,994
Commercial real estate	6,013	5,974
Mineral and hydrocarbon	3,088	2,446
Communication sites	2,617	2,429
Miscellaneous ¹	1,430	2,510
	<u>\$33,296</u>	<u>\$35,031</u>
Other Revenue		
Interest income	\$3,425	\$3,974
Fire assessments and cost reimbursement	7,796	9,129
Grants and contributions	10,107	5,494
Permits, fees, and related charges ²	2,191	2,884
Miscellaneous ³	797	330
	<u>\$24,317</u>	<u>\$21,811</u>
Total Revenue from Operations	<u>\$238,431</u>	<u>\$291,298</u>
Other Activity		
Trust land transfers ⁴	\$42,529	\$36,948
Land sales ^{4, 5}	15	19
	<u>\$42,544</u>	<u>\$36,967</u>
Total Revenue	<u>\$280,975</u>	<u>\$328,265</u>

Amounts are reported in thousands of dollars. See accompanying notes.
Totals may not add due to rounding.

Total Department Expenditures

Expenditures ¹	FY 2001	FY 2000
Operating		
Agricultural resources	\$1,952	\$1,842
Business systems support & planning	11,441	9,188
Forest resources	34,841	30,367
Aquatic resources	6,708	4,782
Administration	3,404	3,053
Interagency payments	4,884	5,446
Agency support	21,208	18,449
Geological resources	2,331	2,268
Special employment services	4,907	4,620
Forest practices	10,802	7,560
Engineering services	11,411	10,269
Resource protection	28,622	20,855
	<u>\$142,511</u>	<u>\$118,700</u>
Capital		
Jobs for the Environment	\$49	\$1,366
Recreation	1,677	1,849
Aquatic resources projects	3,575	1,382
Real estate and property acquisition	48,673	38,593
Miscellaneous	1,675	912
	<u>\$55,649</u>	<u>\$44,102</u>
Total operating / capital expenditures	<u>\$198,161</u>	<u>\$162,802</u>
Other Activity		
Forest Development Account (FDA) Transfers ¹³	\$0	\$10,000
Total Expenditures	<u>\$198,161</u>	<u>\$172,802</u>

Amounts are reported in thousands of dollars. See accompanying notes.

Totals may not add due to rounding.

Department-Administered Funds

Revenue,
expenditures,
and fund
balance

Fund Title	Beginning Balance 7/1/00	Revenue	Expenditure	Transfers and Other Activity	Ending Balance 6/30/01
Trust Management					
Forest development (FDA)	\$31,365	\$19,717	(\$25,342)	\$0	\$25,739
Resource management (RMCA)	37,618	29,704	(44,774)	(2,950)	19,597
Agriculture college trust management	1,611	85	(970)	0	726
	<u>\$70,594</u>	<u>\$49,506</u>	<u>(\$71,087)</u>	<u>(\$2,950)</u>	<u>\$46,063</u>
Other Administered Funds					
Access road revolving	\$3,959	\$8,406	(\$8,178)	0	\$4,186
Surveys and maps	1,496	772	(1,078)	0	1,189
Landowner contingency forest fire	7,437	271	(372)	0	7,336
Park land trust revolving	8,335	2,193	(369)	0	10,159
Aquatic lands dredged material	937	256	(407)	0	785
Aquatic lands enhancement ⁷	n/a	7,742	(4,868)	0	n/a
Conservation areas stewardship	794	(26)	(516)	0	253
School construction revolving	219	12	(118)	0	113
Surface mining reclamation	342	689	(693)	0	337
Real property replacement	15,754	11,563	(7,292)	0	20,025
Clarke-McNary	233	2,339	(2,336)	0	237
Forest fire protection assessments	4,537	8,374	(10,272)	0	2,639
State forest nursery	1,557	2,505	(2,534)	0	1,528
Off-road vehicle ⁶	n/a	(125)	(1,830)	0	n/a
	<u>\$45,600</u>	<u>\$44,971</u>	<u>(\$40,864)</u>	<u>\$0</u>	<u>\$48,786</u>
Total Administered Funds ¹¹	<u>\$116,193</u>	<u>\$94,477</u>	<u>(\$111,951)</u>	<u>(\$2,950)</u>	<u>\$94,849</u>

Amounts are reported in thousands of dollars. See accompanying notes.
Totals may not add due to rounding.

Other Fiscal Activity

Revenue, expenditures, and net fiscal activity

Fund Title	Revenue	Expenditure	Net Fiscal Activity
Current Funds			
Common school construction	\$83,469	\$0	\$83,469
Community college forest reserve	55	0	55
WSU bond retirement	580	0	580
UW bond retirement	1,147	0	1,147
CEP&RI	3,321	0	3,321
EWU capital project	29	0	29
CWU capital project	29	0	29
WWU capital project	29	0	29
TESC capital project	15	0	15
Capitol building construction	6,224	0	6,224
Forest board counties	64,171	0	64,171
	<u>\$159,068</u>	<u>\$0</u>	<u>\$159,068</u>
Permanent Funds			
Agricultural college (WSU)	\$1,400	\$0	\$1,400
Normal school (EWU, CWU, WWU, TESC)	4,331	0	4,331
Common school (K-12)	743	0	743
Scientific (WSU)	4,517	0	4,517
State university (UW)	573	0	573
	<u>\$11,564</u>	<u>(\$0)</u>	<u>\$11,564</u>
Other Funds			
General fund	\$11,091	(\$40,939)	(\$29,848)
Salmon recovery	(92)	(1,940)	(2,032)
State building construction	4	(37,072)	(37,068)
Air pollution control	259	(401)	(142)
Water quality	27	(49)	(22)
Disaster response	0	(1,317)	(1,317)
Salary/insurance increase revolving	4,471	(4,471)	0
Industrial insurance premium refund	0	(12)	(12)
AG salary increase revolving	92	0	92
Motor vehicle	1	0	1
Savings incentive	4	0	4
Litter control	1	0	1
Special retirement contribution increase	(111)	111	0
Tort defence service revolving account	119	(119)	0
	<u>\$15,866</u>	<u>(\$86,209)</u>	<u>(\$70,343)</u>
Total Other Fiscal Activity	<u>\$186,498</u>	<u>(\$86,209)</u>	<u>\$100,289</u>
Total All Funds and Activity	<u>\$280,975</u>	<u>(\$198,161)</u>	

Amounts are reported in thousands of dollars. See accompanying notes.
Totals may not add due to rounding.

Resource Management Cost Account (RMCA) Total

Revenue, expenditures, and fund balance

Fund Balance (July 1, 2000)

\$37,617,526

RMCA Revenue

\$29,703,706

Less: Expenditures ¹

Agricultural resources	\$1,940,087
Business systems support and planning	6,325,371
Land and resources	15,022,756
Special employment services	1,840,711
Administration	1,276,446
Interagency payments	1,863,137
Administration and agency support	8,671,998
Aquatic resources	5,414,497
Engineering services	1,070,590
Salary/insurance/health revolving fund	(1,760,497)

Total operating expenditures	\$41,665,096
Total capital expenditures	3,109,384

Total expenditures and other charges 44,774,480

Less transfer to salmon recovery account 2,950,000

RMCA Fund Balance (June 30, 2001)

\$19,596,752

See accompanying notes. Totals may not add due to rounding.

A portion (25 percent) of the income from state grant lands is deposited into this account to cover the expenses of land management only (for instance, reforestation). The legislature

appropriates money each biennium from this account to DNR. According to the agency's policy, at least three months' operating expenses are kept in this account.

State Grant Lands

State Grant Lands are all the federally-granted parcels that were given to Washington at the time of statehood (1889). At the

time of acquisition each upland granted parcel was dedicated to a specific beneficiary (e.g., Common School Trust).

Total revenue and distribution

	Grand Total All Funds	Current Funds	Permanent Funds	Resource Management Cost Account ¹²
Sales				
Timber sales	\$80,262,220	\$47,794,641	\$9,500,491	\$22,967,088
Timber sales related activities ¹	118,202	76,192	23,935	18,075
Asset transfer/loan repayment ⁸	6,268,017	3,260,687	1,869,437	1,137,893
Trust land transfers ⁴	31,698,212	31,401,998	0	296,214
Land sales (includes land bank sales) ⁵	175,704	0	160,657	15,047
	<u>\$118,522,355</u>	<u>\$82,533,518</u>	<u>\$11,554,520</u>	<u>\$24,434,317</u>
Leases				
Agriculture				
Dryland	\$3,332,390	\$2,256,550	\$266,025	\$809,815
Irrigated	3,576,817	2,489,394	204,592	882,831
Grazing and other	614,231	439,114	23,326	151,791
Aquatic lands	12,600,396	7,439,262	0	5,161,134
Special use	391,214	267,583	25,962	97,669
Commercial real estate	6,012,065	4,428,068	80,981	1,503,016
Mineral and hydrocarbon	2,761,088	1,256,797	740,819	763,472
Rights-of-way	266,937	120,803	55,865	90,269
Communication sites	1,714,913	933,556	361,768	419,589
Special forest products	267,683	191,818	9,236	66,629
	<u>\$31,537,734</u>	<u>\$19,822,945</u>	<u>\$1,768,574</u>	<u>\$9,946,215</u>
Other Revenue ¹²				
Interest income	\$2,057,298	\$182,764	(\$45,796)	\$1,920,330
Non-trust revenue	(2,100,951)	0	0	(2,100,951)
Operating transfer ⁹	(6,268,017)	0	(1,716,446)	(4,551,571)
Permits, fees, and miscellaneous ^{2,3}	58,378	45	2,968	55,365
	<u>(\$6,253,292)</u>	<u>\$182,809</u>	<u>(\$1,759,274)</u>	<u>(\$4,676,827)</u>
Total Revenue	<u>\$143,806,797</u>	<u>\$102,539,272</u>	<u>\$11,563,820</u>	<u>\$29,703,705</u>

See accompanying notes. Totals may not add due to rounding.

Resource Management Cost Account (RMCA) Upland Trusts

This portion of the RMCA supports the land management of upland grant land trusts, each of which supports a specific designated beneficiary.

Revenue, expenditures, and trust balance

Trust Balance (July 1, 2000)		\$30,651,967
RMCA Revenue		\$24,290,645
Less: Expenditures ¹		
Agricultural resources	\$1,940,087	
Business systems support and planning	6,325,371	
Land and resources	15,022,756	
Special employment services	1,840,711	
Administration	973,680	
Interagency payments	1,568,389	
Agency support	6,854,232	
Engineering services	1,070,590	
Salary/insurance/health revolving fund	(1,705,509)	
Total operating expenditures	\$33,890,306	
Total capital expenditures	3,109,384	
Total expenditures and other charges		<u>36,999,690</u>
Trust Balance (June 30, 2001)		<u>\$17,942,922</u>

See accompanying notes. Totals may not add due to rounding.

Common School, Indemnity and Escheat Grants

The income from these grant lands and escheat lands (those with no known heirs) is used to support construction of state public kindergarten through 12th grade schools. Most money is

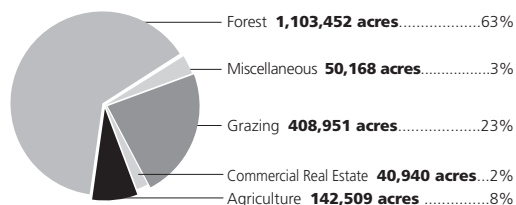
deposited in a Common School Construction Account. Some money is deposited in the Common School Permanent Account to generate perpetual interest.

Revenue and distribution

	Total Funds	Common School Construction	Common School Permanent	Resource Management Cost Account ¹²
Sales				
Timber sales	\$54,313,924	\$39,713,378	\$0	\$14,600,546
Timber sales related activities ¹	146,606	114,722	0	31,884
Asset transfer/loan repayment ⁸	1,491,112	1,118,043	0	373,069
Trust land transfer ⁴	31,644,660	31,401,998	0	242,662
Land sales (includes land bank sales) ⁵	15,047	0	0	15,047
	\$87,611,349	\$72,348,141	\$0	\$15,263,208
Leases				
Agriculture				
Dryland	\$2,656,064	\$1,992,050	\$0	\$664,014
Irrigated	3,299,902	2,474,927	0	824,975
Grazing and other	568,423	426,318	0	142,105
Aquatic Lands	0	0	0	0
Special use	335,125	251,196	0	83,929
Commercial real estate	5,902,997	4,427,248	0	1,475,749
Mineral and hydrocarbon	1,454,917	388,263	707,596	359,058
Rights-of-way	139,388	56,651	47,955	34,782
Communication sites	1,117,255	817,602	0	299,653
Special forest products	188,402	141,302	0	47,100
	\$15,662,473	\$10,975,557	\$755,551	\$3,931,365
Other Revenue				
Interest income	\$1,258,932	\$145,601	(\$12,167)	\$1,125,498
Non-trust revenue	(1,246,291)	0	0	(1,246,291)
Operating transfer ⁹	(1,491,112)	0	0	(1,491,112)
Permits, fees, and miscellaneous ^{2,3}	37,670	0	0	37,670
	(\$1,440,801)	\$145,601	(\$12,167)	(\$1,574,235)
Total Revenue	\$101,833,021	\$83,469,299	\$743,384	\$17,620,338

See accompanying notes. Totals may not add due to rounding.

Common School Trusts Acres (Total Acres: 1,746,020)



University Grants (UW) Original and Transferred

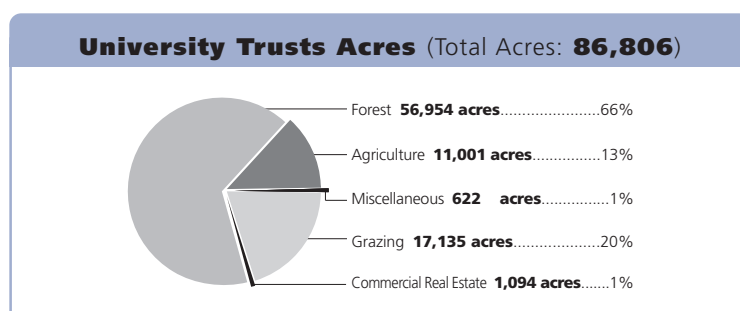
The income from these state grant lands is used to support construction of buildings for the University of Washington. Some of these lands were acquired at

the time of statehood and some lands were transferred later to support this trust. The income is divided between two accounts: permanent and bond retirement.

Revenue and distribution

	Total Funds	UW Bond Retirement	State (UW) University Permanent	Resource Management Cost Account ¹²
Sales				
Timber sales	\$2,111,470	\$0	\$1,015,875	\$1,095,595
Timber sales related activities ¹	6,436	0	5,576	860
Asset transfer/loan repayment ⁸	673,517	0	505,138	168,379
Land sales (includes land bank sales)	0	0	0	0
	\$2,791,423	\$0	\$1,526,589	\$1,264,834
Leases				
Agriculture				
Dryland	\$167,329	\$0	\$125,497	\$41,832
Irrigated	0	0	0	0
Grazing and other	18,813	0	14,110	4,703
Aquatic lands	0	0	0	0
Special use	17,628	0	13,221	4,407
Commercial real estate	107,975	0	80,981	26,994
Mineral and hydrocarbon	516	0	387	129
Rights-of-way	4,519	0	3,389	1,130
Communication sites	0	0	0	0
Special forest products	4,312	0	3,234	1,078
	\$321,092	\$0	\$240,819	\$80,273
Other Revenue				
Interest income	(\$7,051)	\$1,645	(\$49,242)	\$40,546
Non-trust revenue	(47,078)	0	0	(47,078)
Operating transfer ⁹	(673,517)	1,145,706	(1,145,706)	(673,517)
Permits, fees, and miscellaneous ^{2,3}	636	0	102	534
	(\$727,010)	\$1,147,351	(\$1,194,846)	(\$679,514)
Total Revenue	\$2,385,505	\$1,147,351	\$572,562	\$665,593

See accompanying notes. Totals may not add due to rounding.



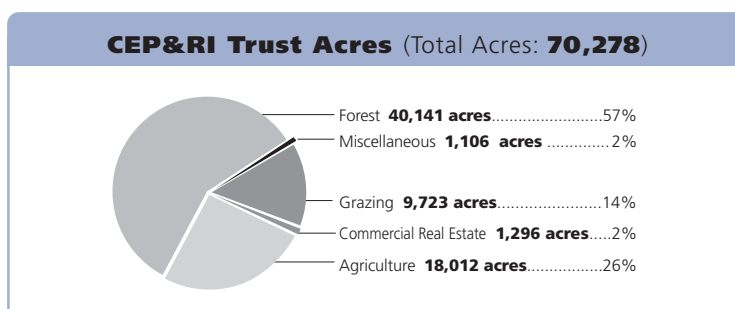
Charitable, Educational, Penal and Reformatory Institutions Grant (CEP&RI)

The income from these grant lands is used to establish and maintain institutions managed by the Department of Corrections

(such as prisons) and the Department of Social and Health Services (such as Western State Hospital).

	Total Funds	CEP&RI Account	Resource Management Cost Account ¹²
Sales			
Timber sales	\$3,220,703	\$2,415,527	\$805,176
Timber sales related activities ¹	(72,208)	(54,156)	(18,052)
Asset transfer/loan repayment ⁸	0	0	0
Land sales (includes land bank sales) ⁵	0	0	0
	\$3,148,495	\$2,361,371	\$787,124
Leases			
Agriculture			
Dryland	\$251,233	\$188,425	\$62,808
Irrigated	0	0	0
Grazing and other	9,726	7,295	2,431
Aquatic lands	0	0	0
Special use	1,864	1,398	466
Commercial real estate	0	0	0
Mineral and hydrocarbon	913,261	684,946	228,315
Rights-of-way	801	601	200
Communication sites	113,367	84,650	28,717
Special forest products	5,034	3,776	1,258
	\$1,295,286	\$971,091	\$324,195
Other Revenue			
Interest income	\$45,097	(\$11,722)	\$56,818
Non-trust revenue	(77,165)	0	(77,165)
Operating transfer ⁹	0	0	0
Permits, fees, and miscellaneous ^{2,3}	3	0	3
	(\$32,065)	(\$11,722)	(\$20,344)
Total Revenue	\$4,411,716	\$3,320,740	\$1,090,975

See accompanying notes. Totals may not add due to rounding.



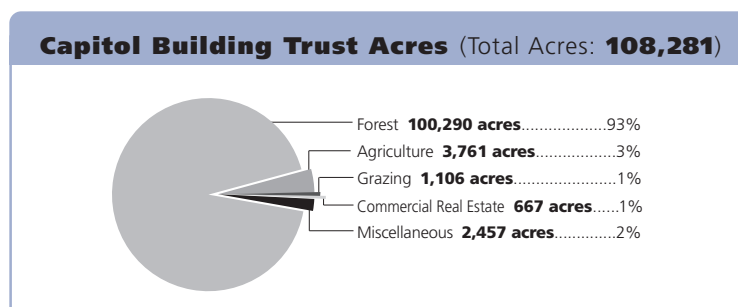
Capitol Building Grant

The income from these grant lands is used to support construction of state government office buildings at the Capitol Campus in Olympia.

Revenue and distribution

	Total Funds	Capitol Building Construction	Resource Management Cost Account ¹²
Sales			
Timber sales	\$8,079,975	\$5,665,736	\$2,414,239
Timber sales related activities ¹	1,125	877	248
Asset transfer/loan repayment ⁸	568,523	426,198	142,325
Land sales (includes land bank sales) ⁵	0	0	0
	<u>\$8,649,623</u>	<u>\$6,092,811</u>	<u>\$2,556,812</u>
Leases			
Agriculture			
Dryland	\$51,579	\$38,684	\$12,895
Irrigated	0	0	0
Grazing and other	3,513	2,635	878
Aquatic lands	0	0	0
Special use	15,580	11,685	3,895
Commercial real estate	1,093	820	273
Mineral and hydrocarbon	25,183	18,887	6,296
Rights-of-way	14,650	10,987	3,663
Communication sites	42,338	31,304	11,034
Special forest products	11,436	8,577	2,859
	<u>\$165,372</u>	<u>\$123,579</u>	<u>\$41,793</u>
Other Revenue			
Interest income	\$121,269	\$7,586	\$113,683
Non-trust revenue	(141,618)	0	(141,618)
Operating transfer ⁹	(568,523)	0	(568,523)
Permits, fees, and miscellaneous ^{2,3}	81	0	81
	<u>(\$588,791)</u>	<u>\$7,586</u>	<u>(\$596,377)</u>
Total Revenue	<u>\$8,226,204</u>	<u>\$6,223,976</u>	<u>\$2,002,228</u>

See accompanying notes. Totals may not add due to rounding.



Normal School Grant (EWU, CWU, WWU, and TESC)

The income from these grant lands is used to support construction at Eastern Washington University, Central Washington University and Western Washington University (regional universities).

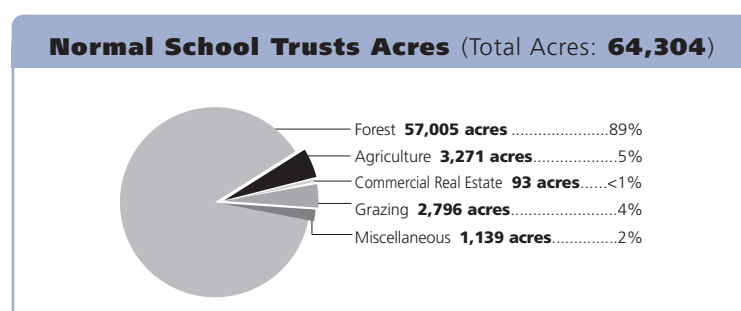
These three universities were originally called "normal" schools or "teachers' colleges." The Evergreen State College (TESC) was added by the legislature to begin receiving

revenue after July 1, 1995. The income is divided among permanent and bond retirement accounts for each regional university.

Revenue and distribution

	Total Funds	EWU, CWU WWU, TESC Capital Projects	Normal School Permanent	Resource Management ¹² Cost Account
Sales				
Timber sales	\$5,634,985	\$0	\$2,965,335	\$2,669,650
Timber sales related activities ¹	685	357	38	290
Asset transfer/loan repayment ⁸	1,818,419	0	1,364,299	454,120
Land sales (includes land bank sales) ⁵	0	0	0	0
	<u>\$7,454,089</u>	<u>\$357</u>	<u>\$4,329,672</u>	<u>\$3,124,060</u>
Leases				
Agriculture				
Dryland	\$49,855	\$37,391	\$0	\$12,464
Irrigated	19,288	14,467	0	4,821
Grazing and other	3,821	2,866	0	955
Aquatic lands	0	0	0	0
Special use	3,661	2,746	0	915
Commercial real estate	0	0	0	0
Mineral and hydrocarbon	413	310	0	103
Rights-of-way	1,467	0	1,100	367
Communication sites	0	0	0	0
Special forest products	50,883	38,163	0	12,720
	<u>\$129,388</u>	<u>\$95,943</u>	<u>\$1,100</u>	<u>\$32,345</u>
Other Revenue				
Interest income	\$79,488	\$4,609	\$0	\$74,879
Non-trust revenue	(93,334)	0	0	(93,334)
Operating transfer ⁹	(1,818,419)	0	0	(1,818,419)
Permits, fees, and miscellaneous ^{2,3}	45	0	0	45
	<u>(\$1,832,220)</u>	<u>\$4,609</u>	<u>\$0</u>	<u>(\$1,836,829)</u>
Total Revenue	<u>\$5,751,257</u>	<u>\$100,909</u>	<u>\$4,330,772</u>	<u>\$1,319,576</u>

See accompanying notes. Totals may not add due to rounding.



Scientific School Grant (WSU)

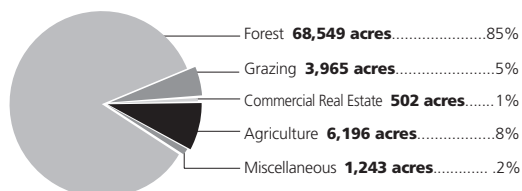
The beneficiary is the same as the agriculture school grant. The income from these grant lands is used to support construction of buildings at Washington State University. The income is divided between two accounts: permanent and bond retirement.

Revenue and distribution

	Total Funds	WSU Bond Retirement	Scientific Permanent	Resource Management Cost Account ¹²
Sales				
Timber sales	\$5,515,797	\$0	\$4,133,915	\$1,381,882
Timber sales related activities ¹	15,463	0	12,618	2,845
Asset transfer/loan repayment ⁸	0	0	0	0
Land sales (includes land bank sales) ⁵	214,209	0	160,657	53,552
	<u>\$5,745,469</u>	<u>\$0</u>	<u>\$4,307,190</u>	<u>\$1,438,279</u>
Leases				
Agriculture				
Dryland	\$63,207	\$0	\$47,405	\$15,802
Irrigated	212,139	0	159,104	53,035
Grazing and other	2,877	0	2,158	719
Aquatic lands	0	0	0	0
Special use	13,994	0	10,495	3,499
Commercial real estate	0	0	0	0
Mineral and hydrocarbon	42,715	0	32,036	10,679
Rights-of-way	3,928	0	2,946	982
Communication sites	327,088	0	245,316	81,772
Special forest products	6,455	0	4,841	1,614
	<u>\$672,403</u>	<u>\$0</u>	<u>\$504,301</u>	<u>\$168,102</u>
Other Revenue				
Interest income	\$114,390	\$4,955	\$13,368	\$96,067
Non-trust revenue	(112,494)	0	0	(112,494)
Operating transfer ⁹	0	307,452	(307,452)	0
Permits, fees, and miscellaneous ^{2,3}	517	0	0	517
	<u>\$2,413</u>	<u>\$312,407</u>	<u>(\$294,084)</u>	<u>(\$15,911)</u>
Total Revenue	<u>\$6,420,285</u>	<u>\$312,407</u>	<u>\$4,517,407</u>	<u>\$1,590,470</u>

See accompanying notes. Totals may not add due to rounding.

Scientific School Trusts Acres (Total Acres: 80,455)



Agricultural College Trust Management Account (ACTMA)

Effective July 1, 1999 the distribution of revenue on Agricultural College trust lands will be 100 percent to the agricultural college permanent

fund or WSU bond retirement account. No deduction from proceeds will be made to the Resource Management Cost Account. The management of

the Agricultural College trust lands will be funded from the Agricultural College Trust Management Account. Per Laws of 1999, Chapter 279 (SSB 6090).

Revenue, expenditures, and fund balance

Fund Balance (July 1, 2000)		\$1,610,806
Revenue		\$84,733
Less: Expenditures ¹		
Agricultural resources	\$3,799	
Business systems support and planning	198,737	
Land and resources	386,019	
Special employment services	6,019	
Administration	32,677	
Interagency payments	46,884	
Agency support	273,739	
Engineering services	31,921	
Salary/insurance/health revolving fund	(51,036)	
Total operating expenditures	\$928,759	
Total capital expenditures	41,427	
Total expenditures and other charges		<u>970,186</u>
ATM Fund Balance (June 30, 2001)		<u>\$725,353</u>

See accompanying notes. Totals may not add due to rounding.

Agricultural School Grant (WSU)

The beneficiary is the same as the Scientific School Grant. The income from these grant lands is used to support construction of

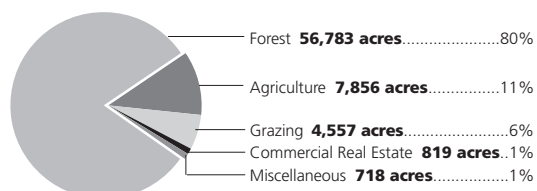
Washington State University's buildings. The income is divided between two accounts: permanent and bond retirement.

Revenue and distribution

	Total Funds	WSU Bond Retirement	Agricultural College Permanent	Resource Management Cost Account
Sales				
Timber sales	\$1,385,366	\$0	\$1,385,366	\$0
Timber sales related activities ¹	5,703	0	5,703	0
Asset transfer/loan repayment	0	0	0	0
Land sales (includes land bank sales)	0	0	0	0
	<u>\$1,391,069</u>	<u>\$0</u>	<u>\$1,391,069</u>	<u>\$0</u>
Leases				
Agriculture				
Dryland	\$93,123	\$0	\$93,123	\$0
Irrigated	45,488	0	45,488	0
Grazing and other	7,058	0	7,058	0
Aquatic lands	0	0	0	0
Special use	2,246	0	2,246	0
Commercial real estate	0	0	0	0
Mineral and hydrocarbon	800	0	800	0
Rights-of-way	475	0	475	0
Communication sites	114,865	0	116,452	(1,587)
Special forest products	1,161	0	1,161	0
	<u>\$265,216</u>	<u>\$0</u>	<u>\$266,803</u>	<u>(\$1,587)</u>
Other Revenue				
Interest income	\$9,644	\$4,244	\$2,245	\$3,155
Non-trust revenue	(104)	0	0	(104)
Operating transfer ⁹	0	263,288	(263,288)	0
Permits, fees, and miscellaneous ^{2,3}	2,866	0	2,866	0
	<u>\$12,406</u>	<u>\$267,532</u>	<u>(\$258,177)</u>	<u>\$3,052</u>
Total Revenue	<u>\$1,668,691</u>	<u>\$267,532</u>	<u>\$1,399,695</u>	<u>\$1,464</u>

See accompanying notes. Totals may not add due to rounding.

Agricultural School Trust Acres (Total acres: 70,733)



Aquatic Resources

Aquatic Resources are considered a “public trust.” A portion of the income generated from the state’s aquatic (submerged) lands is used to support DNR’s aquatic resources management activities through Resource Management Cost Account (RMCA) appropriations. The remainder is deposited with the Aquatic Lands Enhancement Account, which is distributed as grants to public entities for public access projects to aquatic lands, and fish and wildlife cooperative grants.

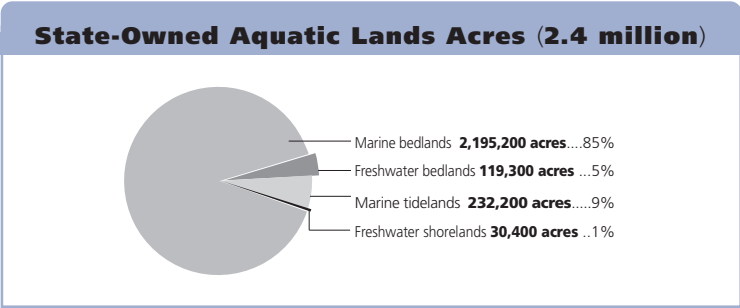
Revenue and distribution

	Total Funds	Aquatic Lands Enhancement ⁷	Resource Management Cost Account
Aquatic Resources Activities			
Leases	\$12,707,177	\$7,494,362	\$5,212,815
Interest income	435,530	25,846	409,684
Non-trust revenue	(337,905)	44,962	(382,867)
Miscellaneous	350,279	176,850	173,429
Total Revenue	<u>\$13,155,081</u>	<u>\$7,742,020</u>	<u>\$5,413,061</u>

RMCA revenue, expenditures, and trust balance

Trust Balance (July 1,2000)	\$6,965,559
RMCA Revenue	5,413,061
Less: Expenditures¹	
Aquatic resources	\$5,414,497
Administration	302,766
Interagency payments	294,748
Agency support	1,817,767
<u>Salary/insurance/health revolving fund</u>	<u>(54,989)</u>
Total expenditures	7,774,790
Less Transfer to Salmon Recovery Account	<u>2,950,000</u>
Trust Balance (June 30, 2001)	<u>\$1,653,830</u>

See accompanying notes. Totals may not add due to rounding.



Forest Board Lands

The income from this trust is distributed to counties and the state General Fund for the support of common schools. The state's share for management expenses is deposited in the Forest Development Account (FDA).

These lands are divided into two categories: Forest Board Purchase lands and Forest Board Transfer lands.

Forest Board Purchase lands were given to the state or

purchased by the state at low cost. The FDA receives half the income for DNR's management expenses. Half is divided between the respective county and the state's General Fund for the support of common schools.

Revenue by source

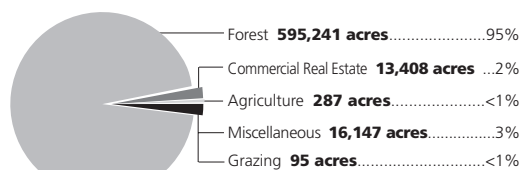
	Total	Forest Board Transfer	Forest Board Purchase
Sales			
Timber sales	\$87,168,603	\$75,457,601	\$11,711,002
Timber sales related activities ¹	92,865	84,548	8,317
	<u>\$87,261,468</u>	<u>\$75,542,149</u>	<u>\$11,719,319</u>
Leases			
Agriculture/special forest products	\$113,342	\$96,149	\$17,193
Commercial/special use	33,234	24,678	8,556
Minerals and hydrocarbon	325,627	319,522	6,105
Rights-of-way	94,496	93,550	946
Communication sites	904,919	518,237	386,682
	<u>\$1,471,618</u>	<u>\$1,052,136</u>	<u>\$419,482</u>
Other Revenue			
Interest income	\$20,246	\$16,695	\$3,551
Permits, fees, and miscellaneous ^{2,3}	18,981	18,950	31
Treasurer's revenue	66,611	N/A	N/A
FDA non-trust revenue	(1,024,017)	N/A	N/A
	<u>(\$918,179)</u>	<u>\$35,645</u>	<u>\$3,582</u>
Total Revenue	<u>\$87,814,907</u>	<u>\$76,629,930</u>	<u>\$12,142,383</u>

See accompanying notes.

N/A—not applicable.

Totals may not add due to rounding.

Forest Board Trusts Acres (Total acres: 625,178)



Forest Board Transfer lands were forfeited to the counties in which they were located when the private landowners failed to pay property taxes, primarily in the 1920s and 1930s. The counties turned the lands over to

the state. DNR now manages these lands and distributes 75 percent of the income to the counties. The FDA receives up to 25 percent of the income. (In February 1997, the Board of Natural Resources adopted

resolution #97-919, changing the distribution of revenue from these lands effective July 1, 1997. The amount distributed to the counties increased to 78 percent; the amount distributed to the FDA was reduced to 22 percent.

This change will remain in effect until the fund balance in FDA reaches an amount equal to operating expenses for six months, at which time DNR is authorized to reinstate the original revenue distribution amounts.)

Revenue and distribution

	Total	Forest Board Transfer	Forest Board Purchase
County			
Clallam	\$5,908,678	\$5,908,674	\$4
Clark	2,289,382	2,289,367	15
Cowlitz	2,095,225	2,093,649	1,576
Grays Harbor	2,021,929	339,350	1,682,579
Jefferson	1,598,013	1,598,013	0
King	1,427,462	1,427,462	0
Kittitas	0	0	0
Kitsap	1,062,454	1,037,040	25,414
Klickitat	1,073,940	1,073,927	13
Lewis	5,096,739	4,950,541	146,198
Mason	1,977,874	1,977,874	0
Okanogan	22	22	0
Pacific	2,344,181	1,793,225	550,956
Pierce	981,549	912,473	69,076
Skagit	6,227,049	6,227,049	0
Skamania	1,208,272	1,207,043	1,229
Snohomish	13,238,245	13,238,245	0
Stevens	38,925	38,925	0
Thurston	7,845,488	5,970,762	1,874,726
Wahkiakum	915,544	915,544	0
Whatcom	6,753,540	6,741,450	12,090
Treasurer's revenue	66,611	N/A	N/A
	\$64,171,122	\$59,740,635	\$4,363,876
Forest Development Account			
Trust activity	\$20,716,896	\$16,866,728	\$3,850,168
Permits, fees, and miscellaneous ^{2,3}	24,035	22,568	1,467
FDA non-trust revenue	(1,024,017)	N/A	N/A
	\$19,716,914	\$16,889,296	\$3,851,635
General Fund	\$3,926,871	\$0	\$3,926,871
Total Revenue	\$87,814,907	\$76,629,931	\$12,142,382

See accompanying notes.

N/A—not applicable.

Totals may not add due to rounding.

Forest Development Account (FDA)

This fund's income comes from Forest Board Lands managed by the state for 21 counties. The legislature appropriates amounts

to the Department of Natural Resources biennially from this fund for land management expenses.

Revenue, expenditures, and fund balance

Fund Balance (July 1, 2000)		\$31,364,580
FDA Revenue		19,716,912
Less: Expenditures ¹		
Agricultural resources	\$7,734	
Business systems support and planning	3,239,025	
Land and resources	13,181,500	
Special employment services	1,084,504	
Administration	711,406	
Interagency payments	1,020,696	
Agency support	4,696,879	
Engineering services	2,415,206	
Salary/insurance/health revolving fund	(1,330,200)	
Total operating expenditures	\$25,026,750	
Total capital expenditures	315,680	
Total expenditures and other charges		25,342,430
FDA Fund Balance (June 30, 2001)		\$25,739,062

See accompanying notes. Totals may not add due to rounding.

Fiscal Notes

1 REVENUE/EXPENDITURE CATEGORIES

Timber sales related activities include contract extensions, slash disposal, trespasses, and default settlement payments. Miscellaneous sales include publications, GIS data, honor camp activities, and surveys and maps. Miscellaneous leases include special use, rights of way and special forest products.

Agency support activities include the following programs: Employee Services (personnel, safety, training), Financial Management (budget, accounting), Information Technology, Geographic Information Systems, Facilities and Region Administration. Administration includes Executive Management, Internal Audit, Community Relations and Investigative Services. Interagency payments are payments made to other state agencies such as the Attorney General, State Auditor, General Administration, and Labor and Industries.

2 PERMITS, FEES, AND RELATED CHARGES

Includes surface mining permits, log patrol licenses, aquatic lands dredged material disposal site fees, forest practices damage assessments and permits, survey records recording fee, application/assignment fees, burning permit fees, and local government assessments.

3 MISCELLANEOUS OTHER REVENUE

Includes prior period adjustments and recoveries of prior biennium expenditures, as well as revenue from the Off-road vehicle, Natural resources conservation areas stewardship, and Industrial insurance premium refund accounts.

4 REAL PROPERTY REPLACEMENT

During FY01 a total of \$10,671,299 an amount equivalent to the property value, was received from (1) transfers to other government entities, (2) resolution of trespass violations, or (3) transfers in lieu of condemnation. The above amount includes interest earnings. This money is used to acquire replacement trust lands.

5 LAND BANK

The land bank program is used by the department to reposition trust land assets. Legislative intent is for revenues from property sales to equal or exceed the cost of purchases. However, during any one fiscal year the transactions may not balance. Land bank transactions are accounted for by trust within each of the department's management funds. For the Forest Development Account this is the Forest Board Transfer Trust, and for the Resource Management Cost Account this is the Common School trust. Revenues from current period sales and existing contracts were \$0 to the Forest Development Account and \$15,047 to the Resource Management Cost Account.

6 OFF-ROAD VEHICLE ACCOUNT

This fund provides for acquisition, planning, development, maintenance and management of off-road vehicle trails and areas; education and law enforcement programs related to non-highway vehicles; and construction and maintenance of campgrounds and trailheads. The Department of Natural Resources, the Department of Fish and Wildlife, and the Parks and Recreation Commission spend from the fund in support of these functions. Although DNR administers this fund, it receives no revenue which accounts for the deficit fund balance in the Department Administered

Funds section of the Annual Report. The deficit revenue in that section of the annual report is the transfer of revenue to fund 406 -Salary/insurance increase revolving fund.

The following is the fund total fiscal activity for fiscal year 2001:

Beginning Balance		\$946,141
Revenue:		
Licensing	\$2,022,063	
Other Agencies	3,565	
Revenue subtotal		2,052,628
Expenditures:		
Natural Resources	(\$1,829,884)	
Parks and Recreation	(130,454)	
Fish and Wildlife	(166,492)	
Expenditure subtotal		(2,126,830)
Operating Transfers		(138,883)
Net Fiscal Activity		(240,085)
Ending Balance		\$706,056

7 AQUATIC LANDS ENHANCEMENT ACCOUNT

This fund provides for the purchase, improvement and protection of aquatic lands for public purposes. The departments of Natural Resources (DNR), Fish and Wildlife, Agriculture plus the Parks and Recreation Commission spend from the fund for these purposes. DNR administers this fund, and only the DNR fiscal activity is reported on the Department Administered Funds section of the annual report. The following is the total fund fiscal activity for fiscal year 2001:

Beginning Balance		\$3,941,326
Revenue:		
Natural Resources	\$7,795,664	
Fish & Wildlife	5,377	
Agriculture	140	
Distribution to Fourth Class Towns	(89,999)	
Revenue subtotal		7,711,182
Expenditures:		
Natural Resources	(\$4,867,377)	
Fish and Wildlife	(3,299,372)	
Parks & Recreation	(169,763)	
Agriculture	(439,281)	
Expenditure subtotal		(8,775,793)
Operating Transfers		(378,292)
Net Fiscal Activity		(1,442,903)
Ending Balance		\$2,498,423

8 FDA/RMCA LOAN REPAYMENT

Board of Natural Resources resolution #635 in 1990 and #756 in 1992 authorized settlement of the FDA debt to the RMCA by transferring timber cutting rights on Forest Board Purchase lands to the Common School, Capitol Building, Normal School, and University granted trusts. A one-third interest in assets (timber cutting rights) of the FDA on 35,655 acres was transferred to these trusts. The value of these transfers eliminated the debt between FDA and RMCA.

A total of \$4,551,570 was distributed to the trusts from timber harvested during fiscal year 2001. The RMCA received \$1,137,893 from this activity. Since this is repayment of a loan, the transactions are recorded as an operating transfer rather than current period revenue.

The values from the harvest activity by fund as well as RMCA transfer for the current fiscal year and in total since the adoption of resolution 635 in 1990 are:

	FY '01	TOTAL
Common School Construction Account	\$1,118,043	\$11,068,557
Capitol Building Construction Account	556,882	3,793,136
Normal School Permanent Account	1,782,631	12,142,180
State University Permanent Account	505,138	7,748,230
Total Trust Funds	\$3,413,678	\$36,542,600

RESOURCE MANAGEMENT COST ACCOUNT

Common School Trust	\$373,069	\$3,683,200
Capitol Building Trust	142,325	1,405,578
Normal School Trust Permanent Account	454,120	4,483,148
University School Trust Permanent Account	168,379	2,582,744
Total RMCA	\$1,137,893	\$12,154,670

9 OPERATING TRANSFERS

In accordance with the Office of Financial Management's interpretation of generally accepted accounting principles, debt service funds, such as the UW or WSU Bond Retirement accounts, cannot receive revenue directly. Revenues to these two funds are recorded to the respective permanent funds, and then an operating transfer is made to the appropriate debt service fund.

10 RESERVE FOR LAND BANK PURCHASES

A total of \$461,149 is reserved to acquire property to replace Common School trust property previously sold through the "sell first" process of the Land Bank program. Proceeds of land sales made under the "sell first" process are held in the RMCA pursuant to RCW 79.66. The amount is used solely to acquire replacement Common School trust property on an equal value basis.

11 NATURAL RESOURCES EQUIPMENT ACCOUNT

Total other fiscal activity does not include funds classified as internal service funds. The Natural Resources Equipment Account is the Department's only internal service fund. This fund is used to maintain, replace and provide equipment to the Department's programs on a rental basis. In 2001, this fund had revenue of \$13,862,315 and expenses of \$12,752,323.

12 RMCA PORTION OF TRUST LAND REVENUES

On most transactions, the Resource Management Cost Account receives 25% and the trusts receive 75% of revenues from trust lands. Revenue on individual trusts and grant lands summary pages may not reflect this percentage due to transactions subject to a different distribution including aquatic resources, miscellaneous non-trust revenues, interest earnings, land sales transactions and interfund loan repayment, the latter of which affects the Common School, University, Capitol Building and Normal Schools Trusts..

13 FDA TRANSFER

Distribution of excess funds from the Forest Development Account to the counties per section 707 of EHB 2487 passed by the 2000 Legislature.

14 STATE TRUST LANDS MANAGEMENT FUND ACCOUNTING REPORT

STATUTORY AUTHORITY AND REQUIREMENTS

Subject to legislative appropriation, the Department of Natural Resources is authorized by RCW's 76.12.110 and 79.64.030 to use funds from the Resource Management Cost Account (RMCA) and Forest Development Account (FDA) interchangeably in the management of State Grant Lands and State Forest Board Lands. The law also states, however, that an annual accounting will be kept of payments made by one fund on behalf of another. For example when RMCA funds are used to pay for activities on Forest Board Land, it shall be considered a debt against the FDA. RCW 79.64.030 also requires that the results of the accounting be reported to the legislature at the next regular session.

ACCOUNTING PROCEDURES

Beginning with fiscal year 1996, the following Cost Allocation System accounting procedures have been used to calculate any debt or loan between the management funds:

A. All operating program expenditures that can be determined to benefit a particular land category are directly charged to that land category.

B. Expenditures for majority of the department's operating programs for which the benefiting land category cannot be determined (indirect expenditures) are allocated to land categories based on staff month percentages derived from personnel time charged directly to those land categories or by Western Washington forested acres.

C. Capital outlay expenditures that benefit particular land categories are determined in advance then charged by land category in the ratio set by appropriations.

D. Agency Administration and Support costs are allocated to land category based on Agency work plans for the year as established during the budget process.

E. Direct charges and indirect charges are totaled by land category within the Cost Allocation System. Expenditures paid from the RMCA and FDA accounts are compared to these total charges for Grant Lands and Forest Board Lands to determine how much of the charges were paid from one account on behalf of the other. If RMCA funds were used to pay Forest Board charges, a debt principal is incurred in that amount. If Forest Board funds were used to pay RMCA charges, the debt principal is reduced by that amount. Funding adjustments may be made periodically during the fiscal year to align expenditures by fund with total charges for Grant Lands and Forest Board Lands to prevent the accumulation of any new debt in the year.

F. As required by law, interest is charged on the debt incurred. A full year's interest is charged on cumulative debt carried from the previous year. One half year's interest is calculated on the change in the debt principal occurring during the current year.

G. Cumulative debt from the preceding year, plus new principal and interest charges are totaled to determine the new cumulative debt.

RMCA/FDA DEBT/LOAN ACCOUNTING FOR FISCAL YEAR 2001S

	GRANT LANDS	FOREST BOARD LANDS
2001 Trust Charges	\$44,774,480	\$25,342,430
RMCA Expenditures	44,774,480	—
FDA Expenditures	—	25,342,430
Cumulative Debt/Loan	0	0

FISCAL YEAR 2001 MANAGEMENT FUND DEBT STATUS

As of June 30, 2001, no debt exists between the Forest Board Lands (Forest Development Account) and the Grant Lands (Resource Management Cost Account).